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Some Basic Propositions on the USSR

1. The paradox of the USSR is that it is in a state of economic and political stagnation which verges on decline but simultaneously possesses the political-structural imperative and the military power to challenge and upset the post-World War II international order.
2. The primary consideration in Soviet decisionmaking is the reservation of the existing domestic political structure under which a self-perpetuating elite wields unchallengeable power and retains the right to control every aspect of life.
3. The resulting hierarchical system is seen as being matured for the external world as well. Ideological and geopolitical imperatives compel the USSR to strive for preeminence in this international hierarchy. The US, by itself or in concert with the alliances it creates, is seen as the main obstacle in the Soviet path.
4. Massive military programs are viewed more as a justification for a command political system than as an economic burden. If defense expenditures were a great deal smaller, the entire economic system would probably become greatly liberalized.
5. Soviet policy in the Brezhnev years has consisted of internal and external tactical adjustments in order to pursue the larger strategic aims outlined above, and is likely to be continued at least in the immediate post-Brezhnev years.
6. This policy has been relatively successful internationally but has resulted in the accumulation of domestic problems -- primarily economic (overcentralized management, poor allocation of resources, low productivity growth). The resulting strains are having a potentially significant social impact (increased cynicism, alcoholism, consumer dissatisfaction expressed more and more forcefully, etc.) A new problem is the greater disaffection of the Soviet middle class (the broad range of technical, administrative, and professional people), which is losing confidence in personal advancement through the system and is increasingly involved in the second economy.
7. Within a sea of indifference and mediocrity there are small but critically important islands of high creativity and imagination:
  - o The Russian cultural and scientific traditions are strong.
  - o Necessity is the mother of invention (e.g., designing jet engines, ICBMs, and oil equipment to

do the job despite technology gaps, low quality materials, irregular supplies).

- o The Soviet government is smart enough to recognize it needs this elite and treats them well.
- o A large part of this elite is in the military or involved in military production. Some is found in high priority industries. The rest of the economy gets very little.

8. The USSR depends relatively little on foreign trade and its dependence is especially small in areas vital to its national security.

- o Its economy can produce workable substitutes for any imports -- at a cost, of course.
- o Imports (grain, meat, consumer goods) are of greatest importance in maintaining or increasing living standards which could be allowed to fall in an emergency.
- o Imports do provide superior quality and technology, but are not large enough to greatly affect macroeconomic performance.

9. The USSR will be more susceptible to Western economic influence in the 1980s than in the past because of its changed economic circumstances. However, the character of the Soviet system precludes the possibility of a broad US-Soviet accord on bilateral relations or geopolitical behavior generally, but permits US-Soviet accommodations on limited subjects (e.g., trade, specific weapons restraints) as well as Soviet tactical accommodations designed primarily to isolate the US.